

**ASSEMBLY BILL**

**No. 2426**

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**Introduced by Assembly Member Nestande**

February 21, 2014

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An act relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2426, as introduced, Nestande. Income taxes: education savings accounts.

The Personal Income Tax Law excludes from gross income distributions from a Coverdell Education Savings Account, provided the distributions are used for qualified education expenses, as provided.

This bill would state the intent of the Legislature to increase the benefits related to the exclusion for distributions from an education savings accounts by allowing a deduction for contributions to an education savings account, as provided.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. It is the intent of the Legislature to enact
- 2 legislation to increase the benefits of the current gross income
- 3 exclusion for individual taxpayers for distributions from a
- 4 Coverdell Education Savings Account, where the distributions are
- 5 spent on qualified educational expenses at public and private
- 6 schools, colleges, and universities that include tuition, fees, books,
- 7 supplies, equipment, and room and board, by allowing an
- 8 above-the-line deduction, not to exceed seven hundred fifty dollars

- 1 (\$750) per taxable year for each designated beneficiary, for
- 2 contributions made to an education savings account.

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